

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of
Implementation of the Local Competition
Provisions of the Telecommunications Act of
1996

CC Docket No. 96-98

Numbering Resource Optimization

CC Docket No. 99-200

COMMENTS OF VERIZON WIRELESS

Verizon Wireless submits these comments in regard to the FCC's proposed random audit procedures. While Verizon Wireless recognizes the importance of ensuring that carriers comply with the Commission's numbering resource administration rules, the proposed procedures impose many expensive and burdensome "process-oriented" requirements that are neither necessary, due to the availability of objective NRUF data, nor justified, due to the lack of any prior evidence of wrong-doing by the audited carrier.

The proposed audit procedures would require carriers to provide significant amounts of information about numbering categories (*i.e.*, Aging, Administrative, Intermediate and Reserved) that have no impact on a carrier's ability to be assigned additional number blocks. Given the underlying rationale for random audits to "preserve the nation's numbering resources,"¹ and the Commission's stringent fill rate pre-requisite for assignment of additional NXX codes or number blocks, the only category of numbers that need be audited in order to deter excessive number

¹ See Federal Register, Nov. 16, 2002 at 57717 (Public Information Collections Approved by OMB).

allocations is the “Assigned” number category. Verizon Wireless believes that by streamlining the proposed random audit procedures to focus on Assigned numbers and objective measures, instead of unnecessary process-oriented requirements, the Commission could achieve a more reasonable balance between the costs and potential benefits of a random audit process. In order to ensure that the proper balance of costs and benefits is achieved, Verizon Wireless recommends that the Commission review the cost-effectiveness of the audit program after its first year of application.

A. In Order to Comply with the Proposed Audit Procedures, Carriers Will Need to Expend Significant Amounts of Staff and Financial Resources

According to the Commission’s Public Information Collection filing with the Office of Management and Budget, the FCC has estimated that the annual reporting and record keeping cost burden of complying with these procedures would be \$0² and that each carrier could respond to an audit in an average of 33 hours.³ Based on Verizon Wireless’ recent experience with an audit conducted by the California Public Utility Commission of the 909 NPA, there is a strong likelihood that compliance with the proposed audit procedures will require far greater resource expenditures than anticipated by the Commission.

The proposed audit procedures require carriers to respond to nineteen different information requests⁴ and for auditors to undertake a seventy-five step analysis of a carrier’s resources⁵, along with an Internal Control Questionnaire.⁶ Compiling the requested information

² See Federal Register, Jan. 11, 2002, Notice of Public Information Collections Being Reviewed by the Federal Communications Commission for Extension Under Delegated Authority.

³ *Id.*

⁴ See proposed Attachment 1: Standard Data Request.

⁵ See proposed Appendix A: Numbering Audit Program.

and meeting with auditors to answer questions will take significant staff resources, well beyond 33 staff hours. The California audit experience is instructive. Verizon Wireless estimates that it dedicated approximately 164 technical staff hours to respond to the California auditor's requests, including four straight days of in-person document review and questioning.⁷ Given the potential for sanctions through enforcement actions or number withholding, and the need for frequent legal interpretations of the FCC's numbering rules and categories, Verizon Wireless assigned legal counsel to participate in the audit process (accounting for approximately 80 hours of legal assistance), along with multiple network personnel. Beyond the week of data collection, review and interviews, Verizon Wireless dedicated additional resources to reviewing the initial audit findings and responding to inquiries that grew out of the initial investigation (approximately 22 hours). Verizon Wireless "passed" the 909 audit, with results demonstrating highly efficient number utilization and a serious need for NPA relief in the 909 NPA.⁸ Unfortunately, while Verizon Wireless expended valuable staff resources that could have deployed more effectively in administering our numbering resources and preparing for conservation measures, (such as thousands-block number pooling), it did not gain any numbering relief from the audit findings (NXX codes are still be rationed at severely restricted levels in the 909 NPA).

If the Commission proceeds with undertaking twenty-five random audits per year, it should do so with full acknowledgment of the actual costs that carriers will bear in order to

⁶ See proposed Attachment 2: Internal Control Questionnaire.

⁷ Verizon Wireless is concerned about the implication from Line 34 that auditors may reach out to multiple employees to complete an audit, including company sales representatives. The FCC should minimize interruption with competitive business operations when conducting a random audit, particularly when there is no evidence of prior wrong-doing by the company.

⁸ See Audit Report on the 909 Area Code (Redacted Version), California Public Utilities Commission Telecommunications Division. R 95-04-043. December 21, 2001.

comply. Given the competing demands for carrier resources, the Commission should aim to tailor its audits to collect only information that is absolutely necessary to advance the cause of efficient number administration and number conservation.

B. The Commission Should Focus Random Audits on Carriers' Use of "Assigned" Numbers.

One way to streamline the audit process significantly, and thereby decrease the cost of compliance, is to focus the audit on investigating only numbers that carriers have designated as "Assigned." While carriers are required to categorize their number inventories into six categories (Available, Assigned, Aging, Intermediate, Reserved and Administrative), only the Assigned category has any bearing on a carrier's ability to gain access to additional numbering resources. Carriers, including Verizon Wireless, advocated in comments to the various Numbering Resource Optimization NPRMs that numbers legitimately held in Aging, Administrative, Reserved and Intermediate categories should be counted as "unavailable" for purposes of qualifying for additional numbering resources. However, the Commission disagreed with that approach and instead has set a stringent fill rate requirement based solely on Assigned numbers. Consequently, it is in carriers' best interests to manage their Aging, Administrative, Reserved and Intermediate numbers as efficiently as possible. If carriers squander resources in these categories, they will not qualify for additional numbering resources when they need them to meet legitimate customer demands. Carriers must demonstrate a 60% fill rate (based on Assigned numbers) before qualifying for a new block of numbers.⁹ Given this restrictive, objective fill rate requirement, the FCC need only audit the Assigned category to ensure that carriers are not gaining pre-mature access to additional number resources. By tailoring random

⁹ The utilization rate requirement increases to 65% on June 30, 2002.

audits to test only Assigned numbers, one-third of the proposed seventy-five step auditing process could be eliminated.

C. The Proposed Audit Procedures Are Too Focused on Process.

A significant portion of the audit questions relate to methods and procedures that the FCC apparently believes are necessary to ensure compliance with the rules, but that are not required anywhere in the FCC's numbering orders. For example, there is no requirement in the FCC's rules that a carrier implement "security measures for accessing its numbering resources" or that "management [be] briefed at least annually on compliance with numbering requirements." The proposed procedures do not delineate the possible penalties for a finding of non-compliance with these or any of the other process requirements. Given the availability of objective evidence through semi-annual numbering reports (NRUF) there is little justification to examine the underlying methods and procedures that carriers have taken to ensure compliance with the number administration rules. At a minimum, process-oriented requirements should be deployed only as corrective measures after the Commission has found a carrier to be in non-compliance with its objective compliance standards.

D. If the Proposed Procedures Are Retained, A Number of Provisions Should Be Clarified or Amended.

If retained, a number of the proposed procedures should be revised. First, the proposed procedures include references to terms and requirements that are defined differently in the Commission's rules.

- Line 24 and Line 25 refer to "numbers suspended for non-payment" and "permanently disconnected" numbers, although neither of these categories is defined in the FCC's rules, nor are carriers required to monitor these categories of numbers.

- Line 38 directs the auditor to “obtain a sample of reserved numbers and document whether there is a contract indicating a specific end-user(s) and if the reserved numbers had been held for less than 180 days.” There is no requirement in the rules that there must be “a contract” for reserved numbers. Reserved numbers can be held legitimately “at the request of specific end users or customers.”¹⁰
- Line 55 requires an auditor to compare the utilization rate reported on the MTE with the utilization rate reported on the last NRUF report. However, these two rates will most likely be calculated on two different dates, and are unlikely to match. Additionally, the utilization percentage on the MTE worksheet is calculated based on total numbering resources in the rate center, while the utilization percentage on the NRUF is calculated at a per thousand block level.
- Lines 57 through 59 seek information about the carrier’s procedures for reclaiming numbers. Carriers do not reclaim numbers. NANPA and state commissions are responsible for reclamation.¹¹

Second, the Commission should ensure that carriers are provided sufficient time to respond to the audit notice and data requests. The proposed Standard Data Request does not identify a response period. Verizon Wireless recommends that if the proposed audit provisions are retained, at least 30 days should be allowed for carriers to respond to the Standard Data Request.

¹⁰ 47 C.F.R. § 52.15(f)(1)(vi).

¹¹ 47 C.F.R. § 52.15(i).

Third, the Commission should clarify the possible scope of a random audit. For example, will the audit be limited to an OCN, a state, an NPA, a thousands-block or a license area? If non-compliance is found, will the penalties (such as number withholding) be limited to the area that was audited or will sample findings be used to draw conclusions about overall company compliance? The Commission also should clarify the permissible sample size for an audit. Verizon Wireless does not believe it should be subject to a sample based upon its percentage of NXX-codes, since that could entail reviewing a very large number of NXX codes (at considerable expense), again with no prior evidence of wrong-doing.

Fourth, carriers need to be given ample opportunity to review draft audit findings and Commission comments. Lines 72-74 provide the carrier and the Commission with an opportunity to review the draft audit report and to provide comments to the auditor. Verizon Wireless believes that carriers should have an opportunity to review the Commission's comments before the final audit is submitted and that both the Commission's and the carrier's comments should be attached to the audit report. Additionally, given the proprietary nature of carriers' operations (relating to customer counts, *etc.*), the Commission should delineate procedures to ensure confidential treatment of any proprietary information contained in an auditor's report.

E. Conclusion

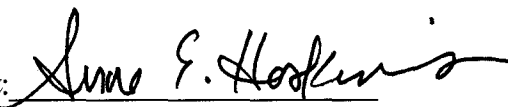
Verizon Wireless supports the Commission's efforts to promote efficient number utilization and to preserve the life of the North American Numbering Plan. However, as outlined above, Verizon Wireless believes that the proposed procedures will be far more costly and burdensome to implement than assumed by the FCC, and as a result, will drain company resources that could be put to much better use. Verizon Wireless respectfully asks the

Commission to tailor its random audit procedures to focus more upon objective measures, and particularly upon the use of Assigned numbers by carriers.

Respectfully submitted,

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Certificate of Service

I hereby certify that on this 15th day of February copies of the foregoing "Comments of Verizon Wireless" in CC dockets 99-200 and 96-98 were sent by hand delivery to the following parties:

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